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REWALD
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A former Honolulu businessman held on \$500,000 bail on charges he defrauded investors out of \$22 million claimed his investment firm was a front for the CIA.

Ronald Rewald, 41, was arrested at his Los Angeles home by FBI agents Thursday evening, the day after a 100-count federal grand jury indictment was handed down in Hawaii.

U.S. Magistrate John Kronenberg Friday followed the recommendation of a federal judge in Hawaii in setting Rewald's bail. Rewald volunteered to return to Hawaii to face the charges against him there, said his attorney, Arnold Gross.

Kronenberg ordered Rewald to appear in federal court in Honolulu by Sept. 14. He faces a maximum penalty of 494 years in prison and a \$538,000 fines if convicted on all counts.

The indictment culminated a 13-month federal investigation and accused Rewald and other businessmen in Hawaii with pocketing money invested in his firm, Bishop, Baldwin, Rewald, Dillingham and Wong Inc..

Rewald has insisted his investment firm was created and operated by the CIA. Thomas Hayes, who was appointed by a federal bankruptcy court to take over the firm in August 1983, has said the company was used as a CIA cover and message center for some agents.

Hayes said the CIA connection was smaller than Rewald has described.

Rewald is charged with mail and securities fraud, making false reports to the Federal Deposit Insurance Corporation, perjury, interstate transportation of stolen money and making false statements to a federal officer.

Other charges include attempted tax evasion, failure to maintain books and records as required by the Securities and Exchange Commission, fraud by an investment adviser and filing a false document with the IRS.

Rewald's financial empire began to collapse in July 1983 when state and federal agencies began an investigation of his firm, which was advertised as a long-established international investment company.

Among those who invested in Rewald's firm was Jack Kindschi, former CIA station chief in Hawaii.

Rewald formed Bishop, Baldwin, Rewald, Dillingham and Wong in 1978 with associate Sunlin L.S. 'Sunny' Wong. Wong has pleaded guilty to federal criminal charges stemming from the investment firm and has cooperated with authorities.